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NATIONAL SECURITY COUNCIL  
WASHINGTON, D.C. 20506

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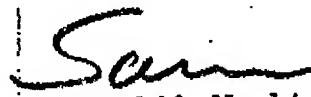
June 24, 1977

CONFIDENTIAL

MEMORANDUM FOR: DAVID MCGIFFERT  
JAMES TAYLOR  
HAROLD SAUNDERS  
RANDY JAYNE  
JOHN HARMON

SUBJECT: Differentiated Authority Concept

Attached for your background are some NSC Staff thoughts on a possible "third alternative" approach to Intelligence Community reorganization. This paper has no official status and is intended to be no more than informal food for thought as you prepare your principals for next Tuesday's SCC Meeting on PRM-11.

  
Samuel M. Hoskinson  
NSC Staff (Intelligence)

Attachment

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Classified by: Z. Brzezinski

Differentiated Authority Concept

This concept emerges out of concern for issues in addition to budget and line authority. Of particular concern is the quality of the intelligence product, the need to increase responsiveness to requirements of major intelligence consumers, and maximizing accountability of the Clandestine Service.

This concept would centralize all national intelligence budget and production authority under the DCI, with broad requirements set by the principal consumers through a "consumers union" approach. It would also have important structural implications by consolidating the major technical intelligence programs, giving intelligence analysis separate status and establish more direct control over the clandestine service.

Specifically:

- All technical collection would be consolidated in one agency under the line authority of the Secretary of Defense. The current manpower and functions associated with technical collection and processing would be transferred from CIA, integrating the management of current CCP, GDIP, NRP and Intelligence-related activities to maximize efficiency of research and development, acquisition and procurement strategies, and collection in a way to make more effective the interrelationships among assets.
- All clandestine human intelligence collection and covert action activities would become the exclusive activity of a separate foreign intelligence agency. This agency would report directly to the NSC.
- A third agency would be created to (a) produce national intelligence analysis/estimates, (b) control national intelligence budgets, and (c) provide for the translation of "consumer union" needs into detailed tasking requirements. It would be headed by a Director who would act as the principal substantive intelligence advisor to and national intelligence budgeting authority for the President.
- A joint military-civilian intelligence tasking authority under the direction of the DCI would be established, with the SECDEF command responsibility in time of war.
- Finally, the NSC system would be responsible for establishing national requirements and priorities for the collection and production of intelligence. It would give direction and guidance on national substantive intelligence needs and provide for a continuing evaluation of intelligence products from the viewpoint of consumers.

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SUMMARY OF INTELLIGENCE COMMUNITY LEADERSHIP OPTIONS

	Option #1 EO 11905	Option #2 Admiral Turner	Option #3 SECDEF	Option #4 NSC
Leadership of Community	Act as President's primary advisor on foreign intelligence	Senior advisor to the President, and manager of Intelligence Community	Chief Presidential advisor on major intelligence issues	Principal substantive advisor to the President
Operational Responsibilities	Executive head of CIA and Intelligence Community Staff	Line manager of agencies involved in national intelligence, collection, processing, and production	No new line authority	DCI responsible for national production "agency," but technical collection consolidated under SECDEF, and clandestine collection reporting directly to NSC
Resource Responsibilities	DCI as Chairman/ <sup>to</sup> control budget preparation and resource allocation; to review and amend budget and develop rules for reprogramming	DCI decisionmaking entity for budget and resource allocation: <ul style="list-style-type: none"><li>o Formulation of budget</li><li>o Establish procedures and data format</li><li>o Establish reprogramming procedures</li><li>o Provide guidance to production managers</li></ul>	Same as 11905 but: <ul style="list-style-type: none"><li>o IC Staff has direct access to program managers</li><li>o PRC(I) would make all reprogramming decisions requiring Congressional approval</li><li>o IC Staff authority to verify resource allocation</li></ul>	DCI "control" of all national intelligence budgets

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Collection Responsibilities	Option #1 EO 11905	Option #2 Admiral Turner	Option #3 SECDEF
Production Responsibilities	PRC(I) establishes priorities for collection; DCI develops national intelligence requirements and priorities	Consumer union develops priorities. The tasking Center translates into specific collection-oriented requirements, insuring coordination of collectors.	User committee sets priorities; DCI has tasking authority "translates" into detailed tasking
Committee Structure	DCI supervises production and dissemination of national intelligence production	DCI has line responsibility for all organizations involved in national intelligence production	Independent national production centers maintained
Approved	Committees' action in developing national requirements	Committee structure continued but mechanisms developed to insure better cross-source coordination	Committees would implement priorities system established by NSC consumer union

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	Option #1 EO 11905	Option #2 Admiral Turner	Option #3 SECDEF	Option #4 NSC
Crisis and War		Tasking center would become subordinate to SECDEF during wartime.	Collection mechanism would become subordinate to SECDEF during military crises and during wartime	SECDEF would have command responsibility for tasking authority in time of war
Overseight and Abuses	IOB reviews activities that raise questions of legality or priority. DCI responsible for insuring existence of a strong IG capability in Community.	Single IG would report to DCI overseeing the priorities of all national intelligence activities		
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TRANSMITTAL SLIP		DATE 27 JUN 1977
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TO: Mr. Bowie		
ROOM NO.	BUILDING	
REMARKS:  basic effect to reduce role of DCI. (1) Priorities - less role (2) Commissars to have <u>appeal</u> from tasking - i.e. overrule DCI (3) DCI produce <u>national</u> intelligence		
FROM: O/Cosapt		
ROOM NO.	BUILDING	EXTENSION
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FORM NO. 241 1 FEB 55		REPLACES FORM 36-8 WHICH MAY BE USED.
(47)		

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27 JUN 1977

Summary of DoD Position on PRM 11

Statement:

According to the DoD paper, "Option A includes nine significant changes to the current system.

Restructuring of system for setting priorities:

Responsibility for setting intelligence requirements and priorities would be separated from management policy, operating policy and budget decision-making by setting up a new committee of consumers. It would include the Vice President, the Assistant to the President for National Security Affairs, the Secretary of State, the Secretary of Defense, and other user departments who would be represented on a rotating basis. This priorities committee would be supported by the NSC staff."

Comment:

This is basically a good idea, and we have proposed a similar arrangement. DCI should be represented on this committee.

Statement:

The DoD paper says, "New tasking procedure: Responsibility for tasking collection facilities during peacetime would be explicitly delegated to the DCI. He would seek the advice of committees of consumer and producer representatives. Tasking decisions could be appealed by consumers to the priorities committee, there to be finally decided."

Comment:

Making the delegation to the DCI explicit will do little; everyone agrees that the DCI is in charge of tasking. Absent is the authority to ensure that the tasking is carried out by Intelligence Community collectors not under DCI's authority. DCI has responsibility without authority.

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Statement:

The DoD paper says, "In crisis or war, power to task collection facilities would be delegated to the Secretary of Defense."

Comment:

We agree, as the statement appears here. Later in the paper, however, it is stated that the SecDef should have the authority to decide when a crisis warrants his taking control. This is absolutely unacceptable--the President should make this decision.

Statement:

The DoD paper states, "Expanded access to data: Access to the data produced by each collection facility would be specifically authorized for each production facility."

Comment:

This is a critically important issue; we and Defense apparently agree that it is a problem area. We believe, however, that progress on this issue, which has resisted solution for 30 years under the present structure, is extremely difficult unless the various components which help to create the problem--in CIA as well as Defense--are under unified control. In short, the goal is laudable, but we do not believe that the means to achieve real progress can be developed within the existing structure.

Statement:

The DoD paper proposes, "IC staff members designated by the DCI would have explicit authority for direct access to program managers, with information copies of requests to a designated point within the department concerned."

Comment:

This is fundamental to the IC Staff function and is a capability they should now have. This statement illustrates the difficulty the DCI has had in getting access to information from components not under his control.

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Statement:

The DoD paper suggests, "Revised budget procedures: Responsibility for preparing budget requests for each of the intelligence entities would rest with the department or agency with line authority over the entity. Those budget requests would be submitted to, reviewed and amended by the PRC(I), chaired by the DCI and supported by the IC staff. Appeals would be directed to the NSC. The PRC(I) would submit a consolidated intelligence budget to the President."

Comment:

DCI with the PRC(I) mechanism now has the capability to review and amend budgets submitted to him by Community components. Presently his decisions, or more correctly recommendations, can be appealed to the NSC by the SecDef or Secretary of State. This portion of the DoD's Option A is not a change from existing authorities.

Statement:

The DoD paper says, "The budget approved by the PRC(I) would be "fenced" from departmental or DCI changes. Reprogramming decisions requiring Congressional action would be made by the PRC(I) and below that level by the departments."

Comment:

Decisions or recommendations by the DCI in his PRC(I) capacity are now fenced by Congressional refusal to allow funds over a certain level to be reprogrammed. In essence the DCI is given the authority to "fence" PRC(I) fund allocation decisions that are now fenced anyway by Congress by the need to seek reprogramming approval.

Statement:

The DoD paper suggests, "The IC staff would have explicit authority to verify program and budget implementation by the departments."

Comment:

Again the access to information when the IC Staff wants it is the essence of the problem. Explicit authority to verify program and budget implementation by the departments is only effective if it can be implemented routinely. Access to information would need tacit DoD concurrence. The DCI's only appeal for noncompliance would be to the President. Thus there is a built-in area of friction between

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the DCI and SecDef with the President the only arbiter. Not very workable.

Statement:

The DoD paper proposes, "Improved safeguards against abuse: The DCI would be divested of current responsibilities for ensuring strong inspector generals community-wide. In order to avoid conflict of interest, these responsibilities would be transferred to the IOB."

Comment:

It is organizationally sound to give the IOB its own ability to monitor intelligence activities and to investigate reported abuses. However, it is probable that the DCI would also want an IG capability to oversee the intelligence activities taking place under his authority.

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